

# CABINET



Report subject	<b>Local Government Reorganisation – Update</b>
Meeting date	12 July 2019
Status	Public Report
Executive summary	<p>The delivery of Local Government Reorganisation (LGR) in Dorset has been a significant undertaking in which the safety and continuity of services was always critical to the success of the programme. With the Vesting Day of BCP Council now three months behind us, it is appropriate to reflect on the framework used to deliver the programme.</p> <p>Phase 1 of the Programme has been completed and Phase 2 has been materially completed. It was always planned to allow Phase 2 to “over-hang” Vesting Day by six months to acknowledge that some activities would not be completed prior to Vesting Day, while also ensuring the programme remained focus on monitoring and stabilisation of services during the initial phase of the new Council. During the transition from the preceding authorities to BCP Council, all services continued to be delivered safely and no residents of the area were materially impacted by the LGR Process.</p> <p>Phase 3 of the programme, relating to the scoping of the potential Transformation of the Council, is now underway and will report back later in the year.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>(a) Cabinet note the successful delivery of Phases 1 and 2 of the programme to deliver the LGR process for BCP Council, and</b></p> <p><b>(b) Agree to receive and consider at a subsequent meeting the outcome of the Organisational Design workstream that will shape the transformation programme of BCP Council going forward, and</b></p> <p><b>(c) Note the continuing delegation to BCP Corporate Management Board to utilise the resources allocated for the delivery of Phases 1 and 2 of the LGR Programme.</b></p>
Reason for recommendations	To provide Cabinet with a review of the delivery of Local Government Reorganisation in Dorset for BCP Council and acknowledge the closure of Phases 1 and 2 of the BCP Programme.

Portfolio Holder(s):	Councillor Vikki Slade, Portfolio Holder Corporate Services
Corporate Director	Julian Osgathorpe, Corporate Director Resources
Contributors	Adam Richens, Section 151 Officer and Director of Finance
Wards	All
Classification	For Information

## Background

1. On 1<sup>st</sup> April 2019 Bournemouth, Christchurch & Poole (BCP) Council was created, along with Dorset Council (DC). These two new unitary authorities replaced the preceding nine Local Authorities in Dorset.
2. Dorset's Local Government Reorganisation (LGR) was delivered with the shortest lead time of any previous reorganisations within the United Kingdom. Along with an extraordinary effort by Members and Officers of all preceding authorities, this meant that particularly strong governance, programme, project and process management was necessary to ensure the safe landing of all services.
3. The purpose of this paper is to provide a review of the effectiveness of the framework that was adopted by the preceding authorities and the Shadow Authority to BCP Council.

## The BCP Programme Framework

4. The framework adopted by the BCP Council LGR Programme consisted of a number of elements
  - a. Member Governance & Decision Making
  - b. Officer Governance & Decision Making
  - c. Programme Management
  - d. Corporate or "Vertical" Workstreams
  - e. Service or "Horizontal" Workstreams
5. Member governance and decision making was focussed on a number of different structures designed to facilitate engagement and inclusion of all preceding authorities while balancing the need to work at significant pace. While some of these structures evolved necessarily over time (e.g. BCP Joint Committee became Shadow Executive Committee; Individual preceding authority scrutiny became joint scrutiny which then became Shadow Authority Scrutiny) some were common throughout the process (e.g. Task & Finish Groups on specific issues and/or workstreams).
6. The Member governance and decision making structures were extremely effective in managing the very high level of work and complexity that the programme inevitably involved. In addition, they facilitated decision making within particularly tight timelines often driven by factors outside of our control (e.g. the Parliamentary process).

7. Officer governance and decision making was managed through a LGR Programme Board made up of the Corporate Management Teams of the principal preceding authorities as well as designated representatives from Dorset County Council. This Programme Board oversaw the delivery of the entire programme with delegation to Directorate/Theme level Delivery Boards, each of which managed a number of service workstreams.
8. Officer governance and decision making was effective and timely, and benefitted enormously from engaging and empowering all interested parties at the appropriate levels. Ownership of service and professionally specific workstreams by the right people was both critical and welcomed by everyone, and helped to create a whole-team culture which was important to the successful delivery of the programme.
9. The whole programme ecosystem was managed and supported by a well resourced and professional Programme Management Office (PMO) and approach to ensure visibility, control and accountability. The success of the PMO as a team and an approach was probably the single most important factor in the delivery of the programme.
10. The Programme itself was composed of three phases
  - a. Phase 1 – Creating the new Unitary Authority
  - b. Phase 2 – Delivering Senior Staffing Structures and Business Functionality for 1<sup>st</sup> April 2019
  - c. Phase 3 – Designing and Building the New Local Authority
11. Phase 1 concluded with the passing of all necessary statutory instruments and the approval of the Constitution, 2019-20 Budget and Medium Term Financial Plan and other critical requirements of the BCP Council. This was substantially achieved at the meeting of the Shadow Council in February 2019.
12. Phase 2 was materially completed in April 2019 when the reconfigured services began delivering to their residents as BCP Council. However, Phase 2 had a designed-in overhang of 6 months to ensure the effectiveness of these services was maintained, but also to conclude any short term work that was required prior to the commencement of Phase 3.
13. The continuity and effectiveness of the services provided to BCP residents has not been impacted by the delivery of LGR in Dorset. Since 1<sup>st</sup> April 2019, all services have continued to provide the quality and consistency that our residents had come to expect of the preceding authorities. In order to achieve this outcome, staff have been working extraordinarily hard to ensure that the transition to new, often more complicated ways of working for now, are not evident to our residents and visitors.
14. Notwithstanding this, there have been a very small number of instances where either the legacy or revised ways of working have required some interventions for the Council. Of these, the most significant was a delay in the issue of client bills in Adult Social Care in the former Bournemouth Council area which related to the implementation of a new IT system for the Council area. This did not result in any disadvantage to our residents. While it is not yet known whether the delay will result in any level of under-recovery of projected income for Adult Social Care services, financial prudence dictates that a slightly increased provision for under-recovery of client contributions was made in the 2019-20 financial year. This will

be monitored as part of the usual budget monitoring and management process for the Council.

15. Throughout its lifecycle, the programme was provided with significant resources to deliver Phases 1 and 2. In total, these resources are £9,096,998 and the Budget Monitoring Report for the Programme at 31<sup>st</sup> March 2019 is attached as Appendix 1. This shows that significant resources have been reprofiled into 2019-20 to support the completion of Phase 2's six month over-hang and it should therefore be noted that additional monies may still be committed in the coming months.
16. The delegation to the LGR Programme Board to utilise the resources set aside for the purposes of delivering the LGR Programme was transferred to the BCP Corporate Management Board in the report to the BCP Shadow Executive Committee in March 2019. The BCP Corporate Management Board will continue to utilise this delegation within the established resources where the expenditure relates to continued delivery of Phase 2 of the programme, in all categories of expenditure previously set out.
17. The programme has also facilitated the realisation of significant benefits. These benefits underpinned the Budget set by the BCP Shadow Authority in February 2019. Appendix 2b to that report identifies that £11.2m of savings were assumed in setting the 2019-20 budget as part of the process of bringing the four preceding authorities to BCP Council together. A significant element of these savings directly related to the LGR process.
18. The value of LGR related savings to BCP Council will inevitably increase over the coming years as we carry out the rationalisation of the legacy infrastructures and asset holdings of the preceding authorities (that it was not possible to undertake given the accelerated delivery timeline for LGR in Dorset) and align them with the emerging Transformation priorities for the Council and organisation.
19. It is inevitable that some people will seek to analyse the success of the programme, in terms of cost and benefit, with the estimates contained in the Local Partnerships Financial Model from 2016. While this is understandable and instructive at some levels, it is not an easy comparison to make for the following reasons
  - a. The elapsed time between the data that was used to make the estimates and the data that we have available now, and
  - b. The decisions of all of the preceding authorities to the BCP Council in the intervening years, and
  - c. The variation between categories of cost and savings used by Local Partnerships and the classification of those costs in the programme and/or the MTFP & Budget.
20. Local Partnerships estimated that £14.2m in savings would accrue to BCP Council as a result of the Transition from the preceding authorities to the new authority. This estimate was then discounted to take account of the likelihood that the sovereign preceding authorities would need to make savings and efficiencies in the run in to the delivery of LGR in order to continue to manage the effect of reducing funding levels. The benefits for the transition to LGR for BCP Council was therefore £9.2m and this estimate was then profiled by Local Partnerships

with £5.8m being delivered in 2019-20 and the remaining £3.4m from 2020-21 as infrastructure and asset rationalisation took place.

21. Paras 17 and 18 above clearly indicate that the realisation of benefits for BCP Council from the LGR process is entirely consistent with the estimates contained in the Local Partnerships Financial Model. Depending on decisions taken during the redesign of the organisation and the consequent rationalisation of its infrastructure and assets, it is possible if not likely that the estimates of Local Partnerships will be exceeded.
22. Local Partnerships estimated that the transition costs for BCP Council at £11.7m and it is clear from Appendix 2 that the programme has significantly outperformed these expectations in delivering Phases 1 and 2 of the programme. As stated above, there may still be some expenditure to come that Local Partnerships identified as supporting the Transition (as opposed to the Transformation of the new authority) but it is extremely unlikely that this will result in a position where the estimated costs are matched or exceeded.

### **Phase 3 – Next Steps for the Transformation of the Council**

23. It has always been a fundamental principle of the LGR process that the new Council will take the opportunity to fundamentally transform in order to provide improved services to residents while also identifying and releasing savings and efficiencies.
24. During the overhang of Phase 2, the Council will also be undertaking a structured Organisational Design process. This process will be facilitated by KPMG and the outcome of the review is intended to feed into the MTFP process later this year in order to provide a view of the potential benefits that large scale transformation of the organisation and its ways of working will provide in the coming years.
25. The cost of this initial design work has been funded from the resources provided for Phases 1 and 2 of the programme and therefore there is no additional money required at this stage. However, it is important to acknowledge that the programme of transformation that may be outlined by the work does not currently have resources allocated to it. This will be a matter for the Council to consider in due course.
26. In addition to the Organisational Design process it is necessary to implement an appropriate and structured programme of development for the leadership team of the new BCP Council. This is intended to be a one-off investment to ensure that the team perform to the best of their capability both collectively as well as individually during the critical formative stages of BCP Council. As well as the identification and delivery of development needs, the programme is intended to ensure the implementation of appropriate succession planning arrangements.
27. The cost of this programme is estimated at £195k and it will be funded from the significant underspend within the resources allocated to the delivery of Phases 1 and 2 of the BCP LGR Programme. As set out in paragraph 16 above, delegation to cover this expenditure is already in place to the BCP Corporate Management Board.

### **Summary of financial implications**

28. There are no new financial implications arising from this report.

**Summary of legal implications**

29. There are no new legal implications arising from this report.

**Summary of human resources implications**

30. There are no new human resources implications arising from this report.

**Summary of environmental impact**

31. There are no environmental impacts arising from this report.

**Summary of public health implications**

32. There are no public health implications arising from this report.

**Summary of equality implications**

33. There are no new equality implications arising from this report.

**Summary of risk assessment**

34. There are no new risks arising from this report.

**Background papers**

None

**Appendices**

Appendix 1 - Year end Budget Monitoring Report for the BCP LGR Programme